



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 26, 1999

### **H.R. 154**

**An act to allow the Secretary of the Interior and the Secretary of Agriculture to establish a fee system for commercial filming activities on federal land**

*As ordered reported by the Senate Committee on Energy and Natural Resources on  
May 19, 1999*

#### **SUMMARY**

H.R. 154 would direct the Secretaries of Agriculture and the Interior to establish fees for commercial filming conducted on public lands, and would authorize agencies within their departments to retain and spend any resulting receipts without further appropriation action. The act would direct the Secretaries to require permits for filming and to establish a schedule of rates, which would be based on factors such as the number of persons on site and the duration of filming.

H.R. 154 could affect both the collection and use of offsetting receipts; therefore, pay-as-you-go procedures would apply. For the most part, any change in offsetting receipts would be matched by an equal change in spending, though not necessarily in the same fiscal year, resulting in no net impact on direct spending. For two agencies, however, there would be a small net increase (less than \$500,000 annually) in direct spending because these agencies would be able to spend receipts that they currently must deposit in the U.S. Treasury. CBO estimates that in aggregate any increases or decreases in offsetting receipts and spending would probably be at most a few million dollars a year.

The act contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

## COMMERCIAL FILMING ON PUBLIC LANDS UNDER CURRENT LAW

Under current law, the Forest Service (which is in the Department of Agriculture) and most land management agencies within the Department of the Interior (DOI) already allow commercial filming and similar activities on lands they administer. The vast majority of films made on these lands are commercials or other short-duration projects, such as still photography; only a handful made each year are full-length feature films. All of the federal land management agencies are allowed to charge some fees for filming on public lands, but the rates they are allowed to charge, the basis of those charges, and the rules governing spending of the resulting proceeds vary widely.

The Forest Service (which is authorized to set market-value rates for filming in national forests) charges up to \$600 per day for the 1,500 to 2,000 permits it issues annually. The Forest Service collected an average of about \$400,000 annually over the last few years from such fees, which it returned to the Treasury. The agency also may charge a \$200 application fee and may recover other direct costs, if any, and it is presently developing regulations to implement such charges under existing authority. The Bureau of Land Management (BLM) has authority similar to that of the Forest Service and charges between \$100 and \$750 per day as a land rental fee. Receipts from rentals are returned to the Treasury, but the agency is allowed to retain and spend additional fees collected for processing applications and for cost reimbursement. In the few instances where the agency imposes such additional fees, they range from \$200 to \$1,000 per application. BLM issues between 300 and 400 applications annually, which CBO estimates earn the federal government less than \$100,000 a year in total.

The National Park Service (NPS) and the U.S. Fish and Wildlife Service (USFWS) are more limited in their authority to charge fees because they may not impose fees that are greater than the amounts necessary to cover the cost of processing of applications and the direct costs of activities attributable to the filming, such as on-site monitoring. After the Forest Service, the NPS issues the most filming permits—over 900 for each of the last three years. On average over this period, the NPS earned \$1 million or less per year, or about \$1,000 per film, which includes application fees and cost reimbursements as well as small donations (about \$50 per film). All of these amounts were retained and spent by the agency. The USFWS, which currently issues fewer than 100 permits per year, imposes no charge for processing applications or cost recovery.

## **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO cannot estimate the amount of offsetting receipts that would be earned under the new authorities contained in H.R. 154. Nevertheless, because this legislation also would allow the agencies to spend whatever new receipts are earned, we estimate that enacting H.R. 154 would have no significant net impact on the federal budget over the next several years. The act would probably result in a net increase in spending because it would provide new authority for the Forest Service and BLM to retain and use receipts they currently return to the Treasury, but CBO estimates that this provision would have little effect.

### **Impact on the National Park Service**

The major potential budgetary impact of the legislation would be on the NPS. But the act's effect would depend on many behavioral factors that cannot be predicted with confidence, and it is therefore difficult to estimate how much the NPS would earn and spend under H.R. 154. Based on information provided by that agency, we expect that it would most likely follow the fee structure used by the Forest Service. It is not clear whether adopting this structure would result in any additional receipts. In fact, based on the limited information available, it appears that the NPS already earns more on commercial filming than the Forest Service—on fewer permits. The most likely reason for this is the relatively high amounts collected by the NPS as cost recovery, probably because filming on NPS sites generally requires more monitoring and agency resources. (In contrast, the Forest Service seldom provides much on-site assistance.) It is also possible that longer, more personnel-intensive films are shot at NPS sites or that the agency waives fees less often than Forest Service does for educational films.

The NPS might earn additional receipts under H.R. 154 because the new authority to charge rates that exceed actual costs and to spend funds without appropriation action may induce the agency to promote filming at more sites. In addition, adopting the Forest Service fee schedule would probably result in higher fees on some films made at sites that already allow filming because the NPS could add up to \$600 per day to the amounts it already charges for processing applications and recovering other direct costs. It is also possible, however, that the agency would lose some collections if it raises its fees because the number of films made in park units could drop in response. In fact, the agency has indicated that it intends to raise certain fees in order to discourage overuse of some park units. In either case, CBO does not expect the impact on receipts to be great. The most the agency could lose is the \$1 million that it now collects each year. Potential gains could be more, but we estimate that they would total no more than a few million dollars a year.

It is possible that H.R. 154 would have little or no impact on NPS filming activities, particularly if other, nonmonetary factors do not change. For example, the film industry has indicated that an important factor in its choice of filming sites is agency cooperation. As a result, many film makers use Forest Service or nonfederal lands rather than NPS sites because applications are processed more quickly and their presence is more readily accepted. Thus, the industry may continue to use lands administered by the Forest Service (regardless of any rate increases that agency may impose as a result of this act) or owned by private parties or other governmental entities (some of whom presently charge more than any federal agency).

### **Impact on Other Federal Agencies**

CBO expects that the act would have little effect on the budget of the USFWS because that agency, while very likely to charge fees once it has the authority to do so, would probably not promote more filming on its lands for environmental reasons. We also expect that the act would have little impact on BLM, which would be allowed to retain receipts from land rentals that currently are returned to the Treasury. BLM already charges fees that are close to those that the Forest Service now charges or that the NPS would charge under the bill. BLM would be unlikely to increase its rates under the act because higher fees would be uncompetitive. Spending the portion of the \$100,000 a year it now returns to the Treasury would not have any significant impact. Finally, H.R. 154 would probably have no effect on receipts of the Forest Service, because the agency already charges value-related fees for filming and will also be implementing cost-recovery charges under existing authority. Spending of these amounts would have little effect on the budget.

This estimate is based on information obtained from the Association of Independent Commercial Producers, the Motion Picture Association, and federal agencies, including DOI, the Forest Service, the NPS, BLM, and USFWS.

### **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or governmental receipts (revenues). CBO estimates that the net impact of H.R. 154 on direct spending would be less than \$500,000 a year over the next several years.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 154 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATE**

On March 19, 1999, CBO prepared a cost estimate for H.R. 154 as ordered reported by the House Committee on Resources on March 3, 1999. The two versions of the bill differ somewhat, but we estimate that neither would have a significant budgetary effect.

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